# BUSINESS TRANSFORMATION EXPLAINED

Implementing quantum leaps in performance

explic8

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# INTRODUCTION TO BUSINESS TRANSFORMATION

What do we mean by Business Transformation (BT)? It's a term that is in frequent use but it's one of those phrases that means different things to different people. Many people define it as incremental increases which does have a place in BT but, at explic8, we consider small incremental increases as continuous improvement which is relevant at a later stage of BT.
At explic8, we view a business transformation as implementing quantum leaps in performance. We have used these techniques to deliver the following results:

- Improved productivity by 465%;
- Improved margin on a national confectionery brand from 17% to 34%;
- Trebled the share price of a global company;
- Improved customer service promise from 42% to 99%;
- Improved output from 300 units per month to 4,000 units per month;
- Reduced manufacturing costs by 35%;
- Saved £3m in annual labour costs;
- Reduced raw materials stock by 33%;
- Reduced finished goods stock by 50%.

It's no secret, that in order to thrive, businesses need to adapt to changing market and customer requirements. This holds even more true in a world that has been rapidly moving towards digitalisation and tech automation which I shall talk about later in this paper.

More often than not, the changes needed to remain competitive entail much more than applying a new management approach or tweaking a supply chain. In fact, some of the most successful global businesses that have experienced exponential growth in the past decade have done so by undergoing a complete business transformation or re-inventing themselves, which, again, I shall talk about later in this paper and discuss examples.

The term business transformation is relatively new and first emerged in the realms of IT and management consulting. Experts in both industries recognised that external changes in the market call for an all-encompassing shift in how a company is run. This means rethinking the company's entire business model and making fundamental changes to its processes, technology, and personnel. Business models are discussed later, and you can ask which does your company follow and which one would you choose to transform to or to adopt.

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But business transformation is much more than just creating a more efficient, digitised system. It involves a change in mindset and coming up with a business strategy that can continue to evolve in the future to continue to meet changing customer demands.

So, what is business transformation?

Business transformation is an umbrella term that describes all transformation processes, including operational, cultural, and digital, that a business undergoes to cope with shifts in the market. Its goal is to generate new value, increase customer satisfaction, increase profits and drive shareholder value.

Even though business transformation sounds like a straightforward term, it's complex and disguises multiple layers. If done properly, it's an initiative that takes several months or years to complete.

The shortest type of transformation explic8 consultants have implemented was a process transformation which lasted around 12 weeks. The longest we have implemented was a digital transformation lasting over three years in multiple phases and the client is still evolving.

As the scope is broad and the decisions made affect every area of the organisation, business transformation needs to be sponsored from the top and driven from the bottom which means that we also need to discuss change management later in this paper.

The relevant BT roles are discussed, and you may notice that there is overlap between these different roles, one of which is risk management which is referred to in its own section.

We'll also discuss the different types of business transformation, the benefits and some examples of successes and failures where we can evaluate the reasons for either the successes or the failures.

As we work together through each topic in more detail, you will realise that there are some key themes, some of which are relevant to more than one topic, and because each of the topics are inextricably linked to each other, a key theme may appear in more than one place, so I apologise if there seems to be repetition.

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# THE 7 DIFFERENT TYPES OF BUSINESS TRANSFORMATION

Even though business transformation can have a lot to do with introducing new digital technologies, it entails more than just replacing current systems with automated ones. In fact, business transformation stands for multiple transformations that can be divided into the following categories.

Keep in mind that a full business transformation can be achieved only if all areas are given equal attention. The different types of business transformations are outlined below. They are presented in the sequence in which explic8 recommends that they are undertaken based on our experience of implementing transformation initiatives. The starting point is to understand the main driver for even considering entering into a transformation program. What is the strategy that the company wishes to focus on? This probably will change over time, but we need to ask what is the strategy that drives the business? Is it growth? Is it profit? Is it share-holder value? These are obviously interdependent since many companies seek to grow, to make more profit and to increase share-holder value. The key is to consider the aspirational vision of the future for the business and an exit strategy. What do we want to do with the business – float it, sell it or continue to world domination?

## 1. Strategy Transformation

A Strategy Transformation refers to a comprehensive change in an organisation's strategic direction, goals, and approaches to achieving its objectives. The result is a complete reinvention of the company. This type of transformation is essential for adapting to new market conditions, competitive landscapes, or internal challenges. Explic8 recommends that an organisation starts here. We should consider transforming strategy before taking on other types of transformation initiatives because the outcome of a new strategy will affect everything that follows.

## 2. Business Model Transformation

Once an organisation has decided to change its strategy it may have to alter its Business Model. This involves changing the way a business creates, delivers, and captures value. It can include shifting from a product-based model to a service-based model, exploring new revenue streams, or entering new markets.
A marvellous demonstration of a company that underwent transformations 1 & 2 is NOKIA which started life as a paper mill in 1865 and became a mobile phone giant in the 1990's.

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### 3. Transformation of Business Processes

When the strategy is agreed and a new Business Model selected, transformation of business processes should come next. Aimed at improving the efficiency and effectiveness of business operations, this transformation often involves process reengineering, automation, and the implementation of lean methodologies to reduce waste and increase productivity. Identifying which business processes can be improved is a vital step towards more efficiency. It's important to weigh different options that could save time and resources. It should certainly come before utilising IT interventions. The automation of repetitive tasks by employing digitised tools to free up labour hours is a worthwhile ambition because it lets the company focus on core business processes instead. At explic8 we call this Intelligent Automation (IA) rather than Artificial Intelligence (AI), neither of which are digitalisation. However, we implement with caution and automate the transformed new ways of working rather than locking in the old practices.

### 4. Organisational Transformation

Transforming business processes may require different skill sets to manage the business and may involve people from different departments and, if so, we need to reorganise the company structure. Therefore, organisational transformation starts with redesigning a company's structure and its mode of operation to fit the new processes. This ever-evolving process is driven by general management and heavily focuses on the employees. Only if they're supportive and on board with new work processes can an actual transformation be successful.

### 5. Management Transformation

To bring the whole company on board with transformational change requires a different mindset of management. This should support the organisational transformation. Managing new processes demanding new skill sets may need a new breed of manager. Modern managers have to be prepared to relinquish their dictatorial "do as I say, not do as I do" mentality. They have to put themselves into the Voice of the Customer (i.e., their employees) and listen. They have to embrace politically correct attitudes to bias, inclusivity and empowerment. New generations of employees have redefined hierarchical structures and internal relations. Rigid systems and too many middlemen hinder growth and make it more difficult to foster real talent. Plus, a more fluid leadership model with collaborating forces can easily adapt to changes that will happen in the future. Remember, if you can't change your team, change your team!

### 6. Cultural Transformation

This type of transformation focuses on creating a more innovative, agile, and customer-centric environment. It may include redefining company values, leadership styles, and employee engagement strategies. With transformed processes, a new organisational structure and a transformed management team, the

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organisation is now ready for and receptive to a culture change. This might be the most challenging transformation for long-established companies. It involves winning hearts and minds of the individual and the collective. We'll discuss this more in the change management section of this paper, but the four pillars of change management are essential to a culture change and to many of the other types of transformation discussed in this section if your company decides to do only one transformation as a stand-alone initiative.

### 7. Digital / Information Systems Transformation

This involves integrating digital technology into all areas of a business, fundamentally changing how the business operates and delivers value to customers. It often includes adopting new technologies such as cloud computing, AI, and data analytics. In the digital transformation process, a company needs to rethink its business model with a digital strategic mindset. The leadership develops a digital business transformation strategy and decides in which way modern technology could improve the product and every aspect of the customer experience. At the core of a business transformation lies the transformation of its information systems. This includes all information management resources like technologies, processes, and staff. Integrating new technologies also means that there is a flood of newly available data that can be analysed and shared across departments.

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# 7 KEY DRIVERS OF BUSINESS TRANSFORMATION

In today's fast-paced and ever-evolving business landscape, organisations face constant pressure to innovate and adapt. Factors such as digital disruption, shifting consumer preferences, and global competition necessitate a proactive approach to transformation. This can manifest in various forms, including operational restructuring, digital transformation, cultural shifts, and strategic realignment.

**1. Customer Expectations:** Modern consumers demand personalised experiences and instant gratification. Businesses must transform to meet these expectations, often by leveraging data analytics and customer feedback to drive decision-making. Businesses that prioritise customer experience often undertake transformations to enhance engagement and satisfaction to meet new expectations for personalisation, speed, and service quality.

**2. Market Dynamics:** Changes in market conditions, such as economic downturns, new and emerging competition, shifts in consumer preferences, or new regulatory requirements, can compel a business to rethink its strategies and processes to remain relevant and competitive in a rapidly evolving landscape.

**3. Technological Advancements:** The rapid rise of digital technologies—such as automation, artificial intelligence, big data, and cloud computing—has transformed how businesses operate. Companies must leverage these tools to enhance productivity, improve customer experience, and streamline operations.

**4. Regulatory Changes:** New laws, regulations, and compliance requirements can prompt businesses to transform their operations. This might involve updating processes, improving data management, or enhancing reporting practices to meet legal standards.

**5. Sustainability:** As environmental concerns grow, organisations are increasingly focusing on sustainable practices. This transformation not only addresses regulatory pressures but also enhances brand reputation and consumer loyalty.

**6. Globalisation:** Expanding into new markets or facing international competition can drive transformation. Organisations may need to adapt their products, services, and operations to cater to diverse cultural and regulatory environments.

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**7. Economic Pressures:** Economic factors such as recessions, inflation, or changes in consumer spending may require organisations to consider changing their strategies and operations. Cost-cutting measures, efficiency improvements, and strategic pivots are often necessary in response to economic challenges.
These drivers can interact and overlap, creating a complex landscape that organisations must navigate as they pursue transformation initiatives. Understanding these drivers helps businesses identify the need for change and create effective strategies to respond to them.

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# GO TO MARKET BUSINESS MODEL CHOICE

A business model is a framework that outlines how a company creates, captures and delivers value to its customers. It describes the rationale of how an organisation operates, generates revenue, and sustains profitability. Do any of the following apply to your company? Which others might be relevant to transform the business?
Key components of a business model typically include:

1. **Value Proposition:** What products or services the company offers and the value they provide to customers.

2. **Customer Segments:** The specific groups of people or organisations the business aims to serve.

3. **Revenue Streams:** The sources of income for the business, including sales, subscriptions, licensing, customisation, and bespoke product developments.

4. **Channels:** The methods used to deliver products or services to customers.

5. **Customer Relationships:** The type of relationship the company establishes with its customers, whether personal, automated or self-service. The choice here can be guided by the customer segmentation mentioned above.

6. **Key Activities:** The critical actions and processes necessary for delivering the value proposition.

7. **Key Resources:** The assets and resources required to operate the business, such as technology, staff, and capital.

8. **Key Partnerships:** The external organisations and alliances that help the business achieve its objectives.

9. **Cost Structure:** The expense incurred in operating the business, including fixed and variable costs.

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**10. Competitive Advantage:** The unique attributes or capabilities that set a company apart from its competitors, allowing it to achieve greater success in its market.

In essence, a business model serves as a blueprint for how a company intends to make money and sustain itself in the market.

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# REVENUE GENERATING BUSINESS MODEL CHOICE

When a company is considering business transformation, several business models can be explored to enhance efficiency, improve customer experiences, and drive innovation. Here are some key models to consider:

1. **Subscription Model:** This model provides a steady revenue stream by charging customers a recurring fee for ongoing access to products or services. It's effective for software, media, and even physical goods.

2. **Freemium Model:** Offering basic services for free while charging for premium features can attract a large user base. This model is common in tech and digital services.

3. **Platform Model:** Creating a platform that connects buyers and sellers (e.g., marketplace models) can facilitate transactions and foster community engagement, as seen in companies like Amazon and Uber.

4. **Business-to- Business (B2B):** This model allows companies to sell products or services directly to other businesses rather than to individual consumers. In a B2B model, transactions typically involve larger quantities of goods or services and often include long-term contracts or negotiations.

5. **Business-to-Consumer (BTC):** This model allows companies to sell directly to consumers, bypassing intermediaries. It can enhance customer relationships and improve margins.

6. **Circular Economy Model:** Emphasising sustainability, this model focuses on reuse, recycling, and reducing waste, appealing to environmentally conscious consumers.

7. **On-Demand Model:** Providing goods or services as needed (e.g., ride-sharing, food delivery) caters to consumer convenience and flexibility.

8. **Social Enterprise Model:** Combining profit-making with social impact can attract customers who prioritise corporate social responsibility.

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**9. Hybrid Model:** Blending elements from various models can create a unique value proposition, allowing for adaptability in changing markets.

**10. Agile Model:** Focusing on flexibility and responsiveness to market changes, enabling quick adaptations and innovations in product offerings.
When selecting a model, companies should consider their industry, target market, and internal capabilities to ensure alignment with their transformation goals.

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# BT DECISION MAKING ROLES

Who makes the decisions in a proposed Business Transformation? Who is responsible for deciding to change the strategy of a business? Who presses the button to launch the re-invention?

The CEO, Board of Directors, enterprise architects, business architects and a Program Management Office are the five key roles in charge of all business transformation management efforts and redefining the company's vision. By breaking down the entire business model and deciding which changes need to be made to processes, personnel, and systems, they create more value in the future.

**1. THE CEO (Chief Executive Officer):** The role of a CEO is multifaceted and involves a range of responsibilities, including:

**1.1. Strategic Vision:** The CEO sets the overall direction and vision for the company, ensuring that it aligns with the long-term goals.
**1.2. Leadership:** They provide leadership to the executive team and the entire organisation, fostering a positive company culture and motivating employees.
**1.3. Decision-Making:** The CEO is responsible for making major corporate decisions, including investments, mergers, and acquisitions.
**1.4. Communication:** They act as the primary spokesperson for the company, communicating with stakeholders, including shareholders, investors, employees, and the media.
**1.5. Financial Management:** The CEO oversees the company's financial performance, ensuring it meets its financial goals and remains profitable.
**1.6. Operational Oversight:** They ensure that the company's operations are efficient and effective, optimising processes and resources.
**1.7. Board Relations:** The CEO works closely with the board of directors, providing updates on company performance and strategic initiatives.
**1.8. Risk Management:** They identify potential risks to the business and develop strategies to mitigate them.
Overall, the CEO plays a crucial role in steering the company towards success while balancing the interests of various stakeholders.

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**2. THE BOARD OF DIRECTORS:** The role of the board of directors is essential for the governance and strategic direction of a company. Key responsibilities include:

**2.1. Strategic Oversight:** The board helps shape and approve the company's strategic goals and objectives, ensuring that they align with the best interests of shareholders and stakeholders.

**2.2. Governance:** They establish policies and procedures for the company's governance, ensuring compliance with legal and regulatory requirements.

**2.3. Financial Oversight:** The board reviews and approves budgets, financial statements, and significant financial decisions, ensuring the company's financial health and accountability.

**2.4. Executive Appointment and Evaluation:** They are responsible for hiring, evaluating, and, if necessary, replacing the CEO and other top executives, as well as setting their compensation.

**2.5. Risk Management:** The board identifies and assesses significant risks facing the company and oversees the implementation of effective risk management strategies.

**2.6. Accountability:** They ensure that the company acts in the best interests of its shareholders and holds management accountable for performance.

**2.7. Stakeholder Engagement:** The board represents the interests of shareholders and may engage with other stakeholders to understand their perspectives and concerns.

**2.8. Advisory Role:** Board members often provide valuable expertise and insights to the management team based on their experience and knowledge. For this reason, some boards appoint non-executive directors.

In summary, the board of directors plays a critical role in guiding the company, ensuring ethical governance, and protecting the interests of shareholders and stakeholders.

**3. AN ENTERPRISE ARCHITECT** is an IT professional who ensures an organisation's IT strategy is aligned with its business goals. They analyse business properties, define all business needs, and the external environment.

The role of an Enterprise Architect (EA) is crucial in aligning an organisation's IT strategy with its business goals. Key responsibilities include:

**3.1. Strategic Planning:** The EA develops and maintains the enterprise architecture framework, ensuring it aligns with the business strategy and objectives.

**3.2. Technology Integration:** They assess and select technologies that support the organisation's needs, ensuring that systems and applications integrate seamlessly.

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**3.3. Framework Development:** The EA establishes standards, guidelines, and best practices for architecture, including data management, application development, and IT infrastructure.
**3.4. Stakeholder Collaboration:** They work closely with business leaders, IT teams, and other stakeholders to understand requirements and ensure that architectural solutions meet organisational needs.
**3.5. Risk Management:** The EA identifies potential risks related to technology and architecture, recommending strategies to mitigate these risks.
**3.6. Current State Assessment:** They analyse the existing architecture and technology landscape, identifying gaps and areas for improvement.
**3.7. Future State Vision:** The EA creates a roadmap for future technology implementations and upgrades, outlining the steps needed to achieve the desired architecture.
**3.8. Governance:** They oversee the adherence to architectural standards and principles, ensuring that all projects align with the enterprise architecture.
**3.9. Change Management:** The EA supports organisational change by helping stakeholders understand and adapt to new technologies and processes.
**3.10. Resource and Skills Management:** The EA must ensure the business has the skills and resources in place to implement the above effectively, efficiently and in a timely manner to support the business needs.
In summary, an Enterprise Architect plays a vital role in ensuring that an organisation's technology infrastructure and strategy effectively support its business objectives, while enabling agility and innovation.

**4. THE BUSINESS ARCHITECT** is an important position within an organisation, as it bridges the gap between technology and business at its most foundational level. As businesses must continually adapt to changing IT landscapes, business architects have a vital role in linking business strategy with the reorganisation and restructuring of both business and IT processes, among various other responsibilities.
The role of a Business Architect focuses on aligning an organisation's business strategy with its operational execution. Key responsibilities include:

**4.1. Strategic Alignment:** The Business Architect ensures that business strategies and goals are clearly defined and aligned with the overall objectives of the organisation.
**4.2. Business Process Modelling:** They analyse and design business processes, identifying areas for improvement and ensuring processes are efficient and effective.
**4.3. Requirements Gathering:** The Business Architect collaborates with stakeholders to gather and document business requirements, ensuring that they are well understood and addressed in projects.

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**4.4. Stakeholder Engagement:** They work with various stakeholders, including executives, project managers, and operational teams, to ensure that business needs are met.

**4.5. Framework Development:** The Business Architect establishes frameworks and methodologies for business analysis, process management, and organisational change.

**4.6. Performance Measurement:** They define key performance indicators (KPIs) and metrics to evaluate the effectiveness of business processes and initiatives.

**4.7. Change Management:** The Business Architect plays a key role in facilitating change within the organisation, helping teams adapt to new processes and systems.

**4.8. Collaboration with IT:** They work closely with IT architects to ensure that technology solutions align with business needs and support strategic objectives.

**4.9. Continuous Improvement:** The Business Architect promotes a culture of continuous improvement, encouraging innovation and ongoing evaluation of business processes.

In summary, a Business Architect serves as a bridge between business strategy and execution, ensuring that organisational goals are met through effective processes and stakeholder collaboration.

**5. THE PROGRAM MANAGEMENT OFFICE (PMO):** The PMO plays a crucial role in business transformation by providing structure, support, and oversight for transformation initiatives. Where a company has undertaken a number of transformation initiatives, a PMO is essential to maintain some key functions of a PMO in this context:

**5.1. Strategic Alignment:** The PMO ensures that transformation projects align with the organisation's strategic goals and objectives.

**5.2. Governance:** It establishes governance frameworks to oversee projects, ensuring compliance with policies and standards.

**5.3. Resource Management:** The PMO allocates resources effectively, managing budgets, personnel, and tools required for successful transformation.

**5.4. Risk Management:** It identifies and mitigates risks associated with transformation projects, enhancing the likelihood of success.

**5.5. Performance Tracking:** The PMO monitors progress and performance metrics, providing insights into project status and outcomes.

**5.6. Stakeholder Communication:** It facilitates communication between stakeholders, ensuring that everyone is informed and engaged throughout the transformation process.

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**5.7. Return on Investment (ROI):** The PMO is responsible for calculating the Return on Investment (ROI) for all transformation programs. ROI is a financial metric used to evaluate the profitability or efficiency of an investment. It is calculated by dividing the net profit from the investment by the initial cost of the investment, typically expressed as a percentage. The formula for ROI is: ROI = Net Profit / Cost of Investment x 100

The ROI can also be expressed as a ratio over the time period for the expenditure compared to the payback period or the length of time it takes to recoup the investment. For example if a company invests $1m in a one year period but generates $3m over the next three years, one can say that the ROI is 3 to 1 over three years.

Net profit is the total revenue generated from the investment minus the total costs associated with it. A higher ROI indicates a more profitable investment, while a lower ROI suggests less efficient use of capital. ROI is commonly used by investors and businesses to assess potential investments and compare the profitability of different options.
By fulfilling these roles, the PMO helps ensure that business transformation efforts are successful, efficient, and aligned with the organisation's overall strategy.

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# RISK MANAGEMENT

Risk management in business involves identifying, evaluating, and prioritising risks followed by coordinated efforts to minimise, monitor, and control the probability or impact of unfortunate events. Here are the key features of risk management:

**1. Risk Identification:** Systematic identification of potential risks that could affect the organisation, including financial, operational, strategic, compliance, and reputational risks. Techniques can include brainstorming sessions, interviews, surveys, and analysis of historical data.

**2. Risk Assessment:** Evaluation of the identified risks to determine their likelihood and potential impact on the organisation. This often includes qualitative and quantitative analysis to categorise risks as low, medium, or high.

**3. Risk Prioritisation:** Ranking risks based on their potential impact and likelihood to focus resources on the most significant threats. This helps in determining which risks require immediate attention and which can be monitored over time.

**4. Risk Response Strategies:** Development of strategies to mitigate, transfer, avoid, or accept risks. Common approaches include implementing controls, purchasing insurance, diversifying investments, or adjusting business strategies.

**5. Monitoring and Review:** Ongoing monitoring of risk environment and effectiveness of risk management strategies. Regular reviews and updates of risk assessments and response plans to adapt to changing circumstances.

**6. Communication and Reporting:** Ensuring clear communication of risks and risk management strategies across all levels of the organisation. Reporting mechanisms to keep stakeholders informed about risk status and management efforts.

**7. Integration with Business Processes:** Embedding risk management into the organisation's overall culture and decision-making processes. Ensuring that risk considerations are part of strategic planning, project management, and operational activities.

**8. Compliance and Regulatory Considerations:** Ensuring that the organisation adheres to relevant laws, regulations, and industry standards related to risk management. Keeping up to date with changes in regulations that could impact the organisation’s risk profile.

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**9. Crisis Management and Business Continuity Planning:** Developing plans and procedures to respond effectively to unexpected events or crises. Ensuring that the organisation can continue operations and recover quickly from disruptions.

**10. Training and Awareness:** Providing training to employees about risk management policies, procedures, and their role in identifying and mitigating risks. The goal of risk management is to protect assets, ensure business continuity, and enhance decision-making by providing a clear understanding of potential challenges and opportunities.

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# CHANGE MANAGEMENT

**The Four Pillars** of Change Management are:

**1. The Reason:** An organisation must explain to all stakeholders, clearly and unequivocally stated, the reason WHY WE HAVE TO CHANGE. This is the burning platform, we have to get off or die! The business must present a Compelling Case for Change, explaining why we must change and explaining the consequences if we don't. This is important so that all stakeholders understand why we are taking these actions.

**2. The Vision:** Has to be an Aspirational Vision of the Future describing a future Vision of the company that people **want** to be part of and will buy into.

Companies often have vision statements such as:

We want to be the supplier of choice for our customers;
We want to be the company of choice for our investors;
We want to be the employer of choice for our current and future employees;

The Vision of the Future needs to describe the Critical Success Factors so that people understand what it means to be:

The supplier of choice for our customers;
The company of choice for our investors;
The employer of choice for our current and future employees;

We need to ask the questions:

What will the company of the future look like when we are these things?
What will we do differently from now?
What will we measure so we know when we have got there?

The initial step in developing the aspirational vision of the future involves creating a "current state" ("As-Is") map that illustrates the existing business processes including as much detailed information as possible to collate in the time given.
After analysing the current state, teams develop a "future state" map ("To-Be") that depicts The Vision of the Future for the business. By comparing the "As-Is" to the "To-Be" we can identify the gaps between where we are and where we want to get to.
There can be more than one version of the "future state" or "To-Be." An aspirational vision of the future with no-holds barred is often called a "Blue-Sky" map where anything is possible. This then gets brought back to reality by acknowledging that not every idea can be implemented so we choose those which are practical and prioritise their implementation; usually along the lines of those that require least effort for most

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return implemented first, and those with the most effort required for the least return probably being shelved.

**3. The Road Map:** Once we have the "As-Is" and the "To-Be" pictures we can build the road map to get us from our start point to the end goal. The road map is a serious planning attempt to make sure we can move through the transformation journey from the current state to our aspirational vision of the future that all stakeholders will buy into, commit to, and will want to be part of the future of our business.

The Road Map needs to start by agreeing what is stopping us from achieving our Vision of the Future.

What is blocking the road to get to our Critical Success Factors?

What do we have to do to be:
- The supplier of choice for our customers;
- The company of choice for our investors;
- The employer of choice for our current and future employees;

We need to plan how to remove the roadblocks. They may be items outside our control. The Road Blocks outside our control will normally require escalation and Management Support.

The Road Map is a plan to get rid of the roadblocks and move to our Vision of the Future. We need to devise plans to improve:
- Customer satisfaction delivery;
- Returns to our Shareholders;
- Supplier management;
- The effectiveness of our Business Processes;
- How we recruit, develop, skill-up, motivate and reward our employees;
- Our ability to change and innovate;

To achieve all this we need a strong leadership team.

**4. The Team:** Has to be a team that everyone has confidence in, and belief in, that they are the team to lead the way and deliver the Vision.

The Leadership Team has to:
- Understand the Vision;
- Be able to articulate the Vision;
- Be committed to delivering the Vision;
- Have the skills to deliver the Vision;

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Have the experience to deliver the Vision;
Have the courage to deliver the Vision;
Plan, solve problems, make decisions, manage, deal with resistance;

But above all the Team has TO LEAD!

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# THE 7 BENEFITS OF BUSINESS TRANSFORMATION

A complete business transformation is not an easy undertaking. It requires smart strategic decisions that take a company's individual capabilities into account. But if done properly, the benefits are manifold. It's also important to note that in the long run, it might be an organisation's only choice if it wants to keep or increase its market share.

Below are some of the biggest benefits associated with business transformation.

1. **Enhanced Customer Experience:** Transformation should focus on understanding and improving the customer journey, leading to higher satisfaction and loyalty.

2. **Improved Employee Engagement:** Engaging employees in transformation initiatives can lead to a more motivated workforce, as they feel valued and part of the change process.

3. **Increased Efficiency and higher Productivity:** Streamlining processes and adopting new integrated technologies to provide intelligent automation in manufacturing and supply chain. Smart machinery and edge computing give instant data insights for quick decision-making.

4. **Data-Driven Decision Making:** Transformation often involves leveraging data analytics, enabling better insights that inform quicker strategic decisions and optimise performance.

5. **Innovation and Growth:** Business transformation encourages a culture of innovation, fostering new ideas, products, and services that can drive growth and competitive advantage.

6. **Resilience:** A transformed business is generally more resilient to economic fluctuations and can incorporate sustainable practices that appeal to socially conscious consumers.

7. **Return on investment:** More satisfied loyal customers consuming more products and services, together with increased efficiency and productivity drive bigger and better returns on investment.

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# 7 STEPS TO BT IMPLEMENTATION

**The Process of Transformation** involves a number of steps:

1. **Performance Assessment:** The first step is a thorough assessment of the current state of the organisation, including its strengths, weaknesses, opportunities, and threats (SWOT analysis) to identify areas that require change.

2. **Customer Journey Mapping:** This is a critical activity to understand customer needs! Understanding the entire customer journey in a Value Stream Map to identify key touchpoints and areas for improvement, provides a holistic view to help in addressing pain points effectively. But also utilise explic8's CX Maturity Assessment Tool which will provide accurate feedback on the maturity level of your customer experience model. Understanding the entire customer journey in a Value Stream Map to identify key touchpoints and areas for improvement, provides a holistic view to help in addressing pain points effectively.

3. **Engagement and Communication:** Successful transformation requires buy-in from all stakeholders, including employees, customers, and partners. Transparent communication about the goals and benefits of the transformation is crucial to foster a supportive culture.
An essential tool for use here is to map the Employee Journey. Understand the entire employee journey to identify key touchpoints and areas for improvement. This holistic view helps in addressing pain points effectively and enables the business to enhance the Employee Experience. Explic8 has a mapping tool to give valuable insights into how your organisation meets best practices in the "hire to retire" Employee Experience. Happy employees are employees who go home after work each day feeling satisfied and content that they have had a day in which they added value. They helped customers, and it was easy to do it because the organisation's processes are effective in delivering what the customer's want.

4. **Vision and Strategy Development:** Once gaps are identified, leadership must establish a clear vision for the future and develop a strategic plan outlining the steps necessary for achieving that vision. Achieving the vision must be the company's overarching goal while short term priorities change over time. Some of our clients have a vision which will enable them to double their turnover in a set number of years. While they consistently drive towards that goal, the organisation must deal with the day-to-day running of the business.

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**5. Implementation:** This phase involves executing the strategic plan, which may include reengineering processes, adopting new technologies, or restructuring teams. It's important to prioritise initiatives that deliver short term objectives while also focusing on long-term goals.

**6. Monitoring and Adaptation:** Transformation is an ongoing process. Organisations must continuously monitor progress, solicit feedback, and remain flexible enough to adapt their strategies as needed.

**7. Removing the Roadblocks:** While the benefits of transformation can be significant, challenges often arise, such as resistance to change, inadequate resources, or a lack of clear direction. Keep asking yourself "What's stopping us?" and put remediation plans in place to eliminate the obstacles preventing you from achieving the aspirational vision of the company of the future. Leadership plays a critical role in overcoming these obstacles by fostering a culture of innovation and resilience.

## Conclusion

Business transformation is not merely a trend; it is a necessity for organisations aiming to thrive in an increasingly complex environment. By embracing change and prioritising adaptability, businesses can position themselves for future success, ensuring they not only survive but also flourish in the face of evolving challenges. Through a strategic, phased approach, organisations can navigate their transformation journeys and emerge stronger, more agile, and better equipped to meet the demands of tomorrow.
If help is needed, please talk to us at www.explic8.com.

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# EXAMPLES OF BUSINESS TRANSFORMATIONS

There are a few examples of successful business transformations that can be used as a source of inspiration. The companies Nokia, IBM, Netflix and BYD provide four that truly stand out.

## Business transformation of Nokia

The Nokia Corporation is a great example of a company that had to dramatically transform in the face of shifting market dynamics.

Nokia is a Finnish company that started its existence as a paper mill in 1865, expanded into rubber, renowned for its wellies, before heading via cables and electronics towards what would become its defining product with the launch of its first radio telephone company in 1979. Nokia went on to become a mobile phone giant in the 1990's through a series of acquisitions, partnerships, and product launches.

Next to Nokia's product portfolio, its corporate action patterns kept on re-adjusting as well. The periods of mergers and acquisitions were almost always followed by organic growth. Nokia's dominance in the mobile phone market helped turn Finland's economy into one of the most prosperous in the world.

However, the company was not always quick to react to market changes, nor to customer complaints or inefficient production and nowadays everyone talks about the demise of Nokia when its smartphone market share declined in the years following 2007, resulting in the company transforming again into a network infrastructure company.

## Business transformation of IBM

The multinational technology company IBM (originally known as CTR) serves as an example of several impressive business transformations spanning over a number of decades.

The mechanisation of information (this phrase makes me smile because nowadays we are talking about digitisation but in the 1880s, industry was moving from manual to mechanised) was the driver behind the demand for typewriters, adding machines and cash registers. Also, time recording devices tracked when workers arrived and left the workplace and scales weighed everything. But few people know that the

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corporation's humble beginnings were with the production of such items and later added cheese slicers and office furniture to the portfolio at the beginning of the twentieth century.

CTR (The Computing-Tabulating-Recording Co.) was formed by the amalgamation of three companies: the Computing Scale company, the Tabulating Machine Company and the International Time recording Company. CTR transformed its sales operations from the three companies into a trained, integrated sales force while its engineers focused on transforming manufacturing operations creating a new corporate culture of ethics, paired with competent sales, solid technology, and a growing international perspective. The previously disjointed three-legged operation increasingly embraced the notion of "speed, accuracy, and flexibility," in which the customer always came first.

Another transformation created massive confusion in the market when CTR changed its name to IBM (The International Business Machines Corporation) creating a brand image that reflected the positive view and plans for the future but that was also translated into transactions, profits, growth, and prestige.

With the rise of computers, the company expanded its product portfolio between the 1950s and the 1980s before shifting into services and software in the 1990s because of intense competition and declining hardware sales. Following various acquisitions, divestments and investments in emerging technologies, IBM is now still seen as the leader when it comes to "business machines".

These points outline IBM's evolution from a hardware-centric company to a leader in software, services, and emerging technologies. Nowadays, IBM is shifting its focus away from hardware in order to embrace the software and services model, following the biggest trend in the IT industry. Just like Nokia, IBM achieved this transition by acquiring companies in the software and services industry.

## Business transformation of Netflix

A more recent example of a successful business transformation is provided by the video streaming platform Netflix. In fact, it's a company that has displayed exceptional use of technology and the ability to quickly adapt to a changing market. Netflix started out as a DVD rental by mail service and then switched over to digital distribution. In 2012, the company has also taken an active role as a producer of original films and television series.

As the first company in history, Netflix switched from a monolith architecture to a cloud-based microservices architecture in order to avoid server outages. Furthermore, the company is also known for a working culture that is defined by freedom and responsibility which is supported by its commitment to maintaining a

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high talent density. The company prioritises hiring top talent and is known for its rigorous hiring process, which focuses on finding individuals who are not only highly skilled but also a strong cultural fit.

After starting as a DVD rental service via mail, Netflix introduced a subscription model, allowing customers to rent DVDs without late fees, which differentiated it from traditional rental stores.

Netflix then launched its streaming service, allowing subscribers to watch movies and TV shows instantly over the internet, marking a significant shift in the entertainment industry and moved into original content production which allowed it to expand its services to over 130 countries, making its content available globally and significantly increasing its subscriber base, reaching over 200 million subscribers worldwide. Since then, Netflix has explored interactive content, mobile gaming, and ad-supported subscription tiers to attract and retain subscribers amid growing competition from Disney+, HBO Max, and others, prompting Netflix to adapt its strategies.

These key points highlight Netflix's transformation from a DVD rental service to a leading global streaming platform and content producer.

## Business transformation of Build Your Dreams

This company is not simply transforming itself but is transforming an industry!
BYD, or Build Your Dreams, has undergone incredible transformations since its founding in 1995 transforming from a battery manufacturer into a major global player in the electric vehicle market, emphasising sustainability and innovation.
BYD started as a battery manufacturer, quickly becoming one of the largest producers of rechargeable batteries in China particularly for mobile phones. This success laid the groundwork for its later ventures.

In 2003, BYD entered the automotive sector by acquiring the Tsinchuan Automobile Company. This marked its transition from a battery manufacturer to an automaker. From 2008 onwards BYD began focusing on electric vehicles (EVs) and in the late 2000s, launched the F3e, one of China's first mass-produced electric cars. The company has since extended its EV lineup, developing electric buses, trucks, and passenger vehicles enabling it to expand internationally, establishing a presence in markets like the U.S., Europe, and Latin America.

By investing in production facilities and partnerships abroad and by also investing heavily in research and development, focusing on battery technology (including the development of the Blade Battery), electric drivetrains, and autonomous driving systems, the company is leading the global electric vehicle market.

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BYD has emphasised sustainability, promoting electric public transportation solutions and advocating for renewable energy integration. Their electric buses are now widely adopted in various cities around the world.

BYD continues to expand its electric vehicle lineup and production capacity. The company has also entered the energy storage market, leveraging its battery expertise to offer solutions for renewable energy integration.

BYD's rapid growth and commitment to electric vehicles put pressure on traditional automakers, pushing them to accelerate their own EV initiatives. This competition helps drive innovation and speed up the transition to electric mobility across the industry.

Overall, BYD is reshaping the automotive landscape by setting benchmarks in electric mobility, battery technology, and sustainable practices, thereby influencing both consumer behaviour and industry standards.

## Conclusion

As the above examples illustrate, business transformation might not be just an option for any established organisation, but the necessary ingredient for long-term success. Bypassing transformation opportunities simply for maintaining the status quo is a rather short-sighted business strategy and can lead to losing out on growth and value.

However, major overhauls of current operating models don't happen overnight and require smart business transformation management as well as a dynamic project management framework. However, any enterprise can maximise its performance and undergo a business transformation to unlock new potential and face the future if it has the vision and the desire.

How much does your company want to invent the future?

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# Notes

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In the world of business, efficiency is not just a goal; it's a necessity. Companies across the globe are in a constant race to deliver better products, faster and more cost-effectively, all while maintaining a high standard of quality. This is where Lean principles come into play. At its core, Lean is about creating more value for customers with fewer resources by eliminating waste, optimising processes, and fostering a culture of continuous improvement.

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